

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8128

BILL NUMBER: HB 1868

DATE PREPARED: Jan 24, 1999

BILL AMENDED:

SUBJECT: Tax payments and local tax information.

FISCAL ANALYST: Jim Mundt

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill expands the requirement of tax payments by electronic funds transfer. It provides that ordinances to adopt, increase, rescind, or repeal local income taxes, innkeepers' taxes, food and beverage taxes, and certain other local taxes must be adopted after January 1 and before April 1 of a year. It also provides that certified copies of these ordinances must be sent by certified mail to the commissioner of the Department of State Revenue not more than ten days after adoption. It provides that these ordinances take effect July 1 of the year in which they are adopted.

The bill provides that, for purposes of local innkeepers' taxes, local food and beverage taxes, and certain other local taxes, if the Department of State Revenue determines after December 31, 1999, that a person's estimated monthly tax liability for the current year or average monthly tax liability for the preceding year exceeds \$5,000, the person must pay the monthly tax due by electronic funds transfer or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order. It makes certain other changes concerning local income taxes, innkeepers' taxes, food and beverage taxes, and other local taxes.

Effective Date: July 1, 1999; January 1, 2000.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will result in more taxpayers remitting their tax liabilities through electronic fund transfer. Beginning January 1, 2000, the threshold for remitting the Sales and Use Tax, the Adjusted Gross Income Tax, and the Gasoline Tax by electronic fund transfer is lowered from an average monthly liability of \$10,000 to \$5,000. For the Gross Income Tax and the Financial Institutions Tax, the same threshold change is made for average quarterly liabilities. This should result in the more efficient collection of these taxes.

Beginning January 1, 2000, for Innkeepers's Taxes and Food and Beverage Taxes collected by the Department, the threshold is established at an average monthly liability \$5,000 for the requirement that persons collecting those taxes remit by electronic funds transfer. Currently those taxes are not required to be remitted by electronic funds transfer.

Explanation of Local Expenditures:

Explanation of Local Revenues: See State Revenues.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Department of State Revenue.